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## INFORMATION REPORT

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SUBJECT Expected Reorientation in Soviet Bloc Economics

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1.

it is possible that under the new Five-Year Plans, which are to start in Soviet Satellite countries simultaneously with the new Soviet Five-Year Plan in 1956, the great development of heavy industry of the Satellites may be arrested to the benefit of the production of consumer goods and agriculture.

2. "This, however, is not motivated by the wish to improve the conditions on the consumer markets in these Satellite countries, but by the decision to adapt the economy of the Satellites better to the needs of the USSR. The USSR wants to turn the Satellites into producers of goods which she needs for herself, and not into her competitors in heavy industrial production which could under certain conditions become economically independent of her.

3. "With the indiscriminate development of heavy industry which has been promoted in the Satellite countries until now /1954/, their production of consumer and agricultural goods has become neglected, and the USSR was obliged to supply some of them (e.g. Hungary) with grain and other foodstuffs. Now, the USSR does not want to be a provider of food for her Satellites. On the contrary, she wants them to supply her with consumer goods which she needs herself.

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4. "The situation is illustrated by the following figures

giving the production of steel in Eastern Europe during the year 1953: (in thousands of metric tons)

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Poland	-	3,597
Germany (Soviet Zone)	-	2,197
Czechoslovakia	-	3,982
Rumania	-	719
Hungary	-	1,500

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5. "Although this production has fallen below the expected figures, it shows, however, a considerable development which in some cases is not natural. For instance, the Hungarian steel production is being developed without a natural base as Hungary does not possess any deposits of iron ore to speak of. The Czechoslovakian steel industry also must depend on imports of ore."

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